

PUBLIC DISCLOSURE

April 1, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bristol County Savings Bank
Cert # 23622**

**35 Broadway
Taunton, Massachusetts 02780**

**Division of Banks
1000 Washington St, 10th Floor
Boston, Massachusetts 02118**

**Federal Deposit Insurance Corporation
350 Fifth Avenue, Suite 1200
New York, New York 10118**

<p>NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate- income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.</p>

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) and the Federal Deposit Insurance Corporation (FDIC) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Bristol County Savings Bank (BCSB or the Bank)**, prepared by the Division and the FDIC, the institution's supervisory agencies, as of **April 1, 2013**. The agencies evaluate performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and in Appendix A to 12 CFR Part 345.

INSTITUTION RATING

INSTITUTION'S CRA RATING:

The institution is rated **High Satisfactory** by the Division.

The institution is rated **Satisfactory** by the FDIC.

It is noted that, while both agencies agreed on the overall findings of the evaluation, Part 345 of FDIC Rules and Regulations – CRA, does provide an overall rating of “High Satisfactory.” An institution in this group has a good record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The following table indicates the performance level of BCSB with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	Bristol County Savings Bank		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* Note: The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

Lending Test

The Lending Test is rated “High Satisfactory” based on the following:

- Lending levels reflect good responsiveness to the assessment area credit needs.
- An adequate percentage of home mortgages and small business loans were made within the assessment area.
- The geographic distribution of home mortgages and small business loans reflects adequate penetration throughout the assessment area.
- Overall, the distribution of loans reflects, given the product lines of the institution, good penetration among borrowers of different income levels and businesses of different sizes.
- The Bank is a leader in making community development loans.
- The Bank uses innovative and flexible lending practices in order to serve assessment area credit needs.

Investment Test

The Investment Test is rated “High Satisfactory” based on the following:

- The Bank demonstrated good responsiveness to assessment credit and community development needs.
- While not particularly innovative or complex, BCSB made a significant level of qualified investments, including \$1,500,000 in equity investments and \$1,943,249 in community development grants and donations.

Service Test

The Service Test is rated “Outstanding” based on the following:

- The Bank’s service delivery system is accessible throughout its assessment area.
- The Bank’s record of opening and closing branches did not adversely impact any portion of its assessment area.
- Services, including business hours, do not vary in a way that inconveniences any portion of the assessment area, particularly low- and moderate-income geographies or individuals.
- BCSB was a leader in providing community development services consistently throughout the evaluation period.

PERFORMANCE CONTEXT

Description of Institution

Bristol County Savings Bank is a Massachusetts chartered, mutual savings bank headquartered in Taunton, Massachusetts, and a wholly-owned subsidiary of Beacon Bancorp, a one-bank holding company. The Bank has four subsidiaries: Brisbank Corp., BCSB Securities Co. Inc., Beacon Securities Corp., and Farrell Backlund Insurance Agency LLC. WGK Associates, Inc. is no longer a subsidiary of the Bank as of August 2011.

BCSB maintains its corporate headquarters at 29 Broadway in Taunton, Massachusetts. The Bank offers products and services through its main office in Taunton and 10 additional full-service branch offices: 1 in Rhode Island and 9 in Massachusetts. The branches are located in Pawtucket, Rhode Island, and Attleboro, Dartmouth, Franklin, New Bedford, North Attleboro, Raynham (2), Rehoboth, and Taunton, Massachusetts. The Bank opened the New Bedford branch in June 2010. BCSB also operates two limited-service branch offices in local high schools – Attleboro High School and Taunton High School. These offices serve as banking services for students in the schools' business programs and provide limited banking services for students, faculty, and staff. Neither office is open to the general public. The Bank also operates a loan production office in Fall River. Automated Teller Machines (ATMs) are located in each banking office and remote ATMs are available in Attleboro at the Capron Park Zoo; in New Bedford at the Buttonwood Park Zoo and the New Bedford Airport; and, in Pawtucket at McCoy Stadium.

The Bank had total assets of \$1.367 billion as of December 31, 2012, consisting principally of loans and deposits. Assets increased by 16.4 percent since June 30, 2009, from \$1.174 billion to the current level. Loan growth of 14.9 percent and growth in securities of 31.3 percent contributed to the overall growth in total assets. Deposits increased 22.4 percent during this timeframe.

Commercial and industrial loans experienced an increase of 44.8 percent, and 1-4 family residential loans increased by 35.5 percent. During the same time period, construction and land development loans decreased by 61.0 percent, and the category of other loans decreased by 18.3 percent. The Bank's primary business focus is lending. Loans totaled \$1.025 billion as of December 31, 2012, and accounted for 75 percent of total assets. Refer to Table 1 for information regarding the composition of the loan portfolio.

As reflected in Table 1, the Bank is primarily a real estate lender. Loans secured by one-to-four family residences account for the most significant portion of the portfolio, at 35.4 percent. These loans include closed-end mortgage loans (including first and junior liens) and revolving home equity lines of credit. Commercial real estate loans comprise the second largest share of the loan portfolio at 32.1 percent. This category includes loans secured by owner-occupied non-farm nonresidential properties and other non-farm nonresidential properties. Consumer loans also comprise a considerable portion of the loan portfolio at 18 percent.

Table 1 Loan Portfolio Distribution as of December 31, 2012		
Loan Type	Dollar Amount \$(000s)	Percent of Total Loans
Construction, Land Development, and Other Land Loans	36,540	3.6
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	14,353	1.4
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by First Liens	341,271	33.3
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Junior Liens	7,167	0.7
Secured by Multi-Family (5 or more) Residential Properties	17,402	1.7
Commercial Real Estate (Including Owner-Occupied, and Other Non-Farm Non-Residential Properties)	329,472	32.1
Commercial and Industrial	92,460	9.0
Loan to Individuals for Household, Family, or Other Personal Expenditures (Consumer Loans)	185,096	18.0
Other Loans	1,780	0.2
Total Loans	1,025,541	100.0

Source: December 31, 2012 Call Report

BCSB sells mortgage loans to other financial institutions and private investors. During the review period, the Bank sold 247 loans totaling approximately \$49.3 million. Selling loans permits BCSB to manage interest rate risk, and allows the Bank to originate a larger volume of loans than would otherwise be possible.

The Bank's CRA performance was last evaluated by the FDIC and the Division on October 19, 2009 and was rated "Outstanding." There are no significant financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which a bank is evaluated on its record of helping to meet the community credit needs, including those designated as low- and moderate-income. BCSB's assessment area, as currently defined, meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions; (2) includes the geographies where the Bank has its main office, branches and deposit-taking ATMs, as well as the surrounding geographies where the Bank originated a substantial portion of its loans; (3) consists of whole census tracts; (4) does not extend substantially beyond state boundaries (unless otherwise permitted by the regulation); (5) does not reflect illegal discrimination; and (6) does not arbitrarily exclude low- and moderate-income areas.

BCSB has defined a single contiguous assessment area that includes 24 cities and towns in northern Rhode Island and southern Massachusetts. Specifically, the defined assessment area includes Pawtucket, Rhode Island and the Massachusetts communities of Acushnet, Attleboro, Berkley, Dartmouth, Dighton, Easton, Fairhaven, Fall River, Franklin, Freetown, Mansfield, New Bedford, North Attleboro, Norton, Plainville, Raynham, Rehoboth, Seekonk, Somerset, Swansea, Taunton, Westport, and Wrentham. The Towns of Franklin, Plainville, and Wrentham are located within the Boston-Quincy, Massachusetts Metropolitan District (MD) and the remaining cities and towns are located in the multistate Providence-New Bedford-Fall River, Rhode Island-Massachusetts

Metropolitan Statistical Area (MSA). These areas are referred to as the Boston-Quincy MD and the Providence-New Bedford-Fall River MSA throughout this Performance Evaluation.

The municipalities comprising the Bank's defined assessment area have not changed since the previous evaluation; however, changes from the 2000 U.S. Census to the 2010 U.S. Census, resulted in changes in the number and income allocation of the census tracts. Details of these and other demographic changes between the two data sets appear in Tables 2 through 5.

Demographic and Economic Data

Census Tract Income Levels

Each census tract is assigned an income level based on the median family income (MFI) of the tract as compared to the MFI established for the MSA or MD in which the tract is located. The four income levels are defined as follows:

Low-Income: Less than 50 percent of MFI;
 Moderate-Income: At least 50 percent but less than 80 percent of MFI;
 Middle-Income: At Least 80 percent but less than 120 percent of MFI;
 Upper-Income: 120 percent or greater of MFI.

Under the *Geographic Distribution* section of the Lending Test, the Bank's lending is evaluated pursuant to the census tract designations resulting from both the 2000 and 2010 U.S. Census. Table 2 depicts the number and percentage of assessment area census tracts at each income level based on both demographic sets.

Table 2 Distribution of Census Tracts by Income Level				
Census Tract Income Level	2000 U.S. Census Data		2010 U.S. Census Data	
	#	%	#	%
Low	15	10.4	28	18.1
Moderate	43	29.9	34	21.9
Middle	53	36.8	53	34.2
Upper	33	22.9	40	25.8
Total	144	100.0	155	100.0

Source: 2000 and 2010 U.S. Census Data

As Table 2 illustrates, there was an increase in the number of census tracts in the Bank's assessment area from 144 to 155, and a dramatic shift in the number of low- and moderate-income census tracts. Of particular significance is the increase in the number of low-income census tracts. From 2000 to 2010, the number of low-income tracts has nearly doubled. According to the 2000 U.S. Census data, the 15 low-income census tracts were located in Fall River (2), New Bedford (10), and Pawtucket (3). According to the 2010 U.S. Census data, the 28 low-income tracts are located in Fall River (9), New Bedford (10), Taunton (2), and Pawtucket (7). Both Fall River and Pawtucket experienced notable increases, and Taunton did not previously contain any low-income tracts. The number of moderate-

income census tracts decreased from 43 to 34. According to the 2000 U.S. Census data, the 43 moderate-income census tracts were located in Fall River (15), New Bedford (15), Pawtucket (11), and Taunton (2). With the 2010 data, the 34 tracts are located in Attleboro (2), Fairhaven (1), Fall River (9), New Bedford (14), Taunton, (2), and Pawtucket (6). It is important to highlight that neither Attleboro nor Fairhaven had previously contained a moderate-income tract. Additionally, many of the moderate-income tracts were reclassified as low-income based on 2010 U.S. Census data.

It is also noted that the number of upper-income tracts increased between the Census years, and this was largely attributable to the splitting of census tracts in many suburban communities due to residential expansion and population growth that occurred during the decade.

Median Family Income Levels

The *Borrower Profile* section of the Lending Test is based on the distribution of residential mortgage loans to individuals of different income levels, focusing on loans to low- and moderate-income borrowers. This analysis is based on MFI levels for each applicable MSA and MD per the 2000 and 2010 U.S. Census data, which have been annually adjusted for inflation and other economic events. Department of Housing and Urban Development (HUD) data was used for adjusted MFI levels for 2011, and Federal Financial Institutions Examination Council (FFIEC) adjusted MFI data was used for 2012. The HUD-adjusted MFI for the Providence-New Bedford-Fall River MSA portion of the assessment area was \$74,500 in 2011. For 2012, the FFIEC-adjusted MFI was \$75,600. In the Boston-Quincy MD, the MFI figures were \$87,600 in 2011 and \$88,800 in 2012.

The analysis of the Bank's residential mortgage lending under the *Borrower Profile* performance factor includes comparisons to the distribution of families by income level. Table 3 depicts this distribution based on the 2000 and 2010 U.S. Census data.

Table 3 Number and Percentage of Families by Income Level				
Income Level	2000 U.S. Census Data		2010 U.S. Census Data	
	# of Families	% of Families	# of Families	% of Families
Low	37,607	21.8	40,857	23.6
Moderate	29,545	17.1	29,010	16.8
Middle	37,961	22.0	34,822	20.2
Upper	67,533	39.1	68,136	39.4
Total	172,646	100.0	172,825	100.0
Percent of Families Below the Poverty Level	8%		9%	

Source: 2000 and 2010 U.S. Census Data

As Table 3 illustrates, the percentage of low-income families increased slightly between Census years, and the percentage of moderate-income families was relatively consistent. The percentage of families below the poverty level also increased slightly from 2000 to 2010.

Population

Based on 2000 U.S. Census data, the population of the assessment area was 655,433. According to 2010 U.S. Census data, the population increased to 670,287. A notable increase in the population residing in the low-income tracts, from 5.9 percent to 13.4 percent, was noted; whereas, a decrease occurred in the moderate-income tracts, from 24.0 percent to 17.4 percent. These changes are a function of an increase in the overall population as well as the shift that occurred between the low- and moderate-income census tracts.

Housing Characteristics

According to the 2000 U.S. Census data, the assessment area contained 265,682 housing units, of which 57.7 percent were owner-occupied and 37.2 percent were occupied rental units. According to the 2010 U.S. Census data, the number of housing units increased to 280,313, and the percentage of owner-occupied units also increased to 58.2 percent. The vacancy rate throughout the assessment area increased from 5.1 percent to 8.1 percent. Tables 4 and 5 illustrate select housing characteristics within the Bank's designated assessment area based on both the 2000 and 2010 U.S. Census data.

Table 4 Select Housing Characteristics by Income Category of Census Tract								
Census Tract Income Level	Percentage					Median		
	House- holds	Housing Units	Owner- Occupied	Occupied Rental Units	Vacant Units	Age	Home Value (\$)	Gross Rent (\$)
Low	6.6	7.0	2.2	13.3	14.3	56	103,117	394
Moderate	26.1	26.8	14.9	43.6	38.2	54	113,726	459
Middle	38.8	38.2	45.0	29.1	28.5	40	139,817	578
Upper	28.5	28.0	37.9	14.0	19.0	28	191,603	668
Total or Median	100.0	100.0	100.0	100.0	100.0	36	158,699	513

Source: 2000 U.S. Census Data

Table 5 Select Housing Characteristics by Income Category of Census Tract								
Census Tract Income Level	Percentage					Median		
	House- holds	Housing Units	Owner- Occupied	Occupied Rental Units	Vacant Units	Age	Home Value (\$)	Gross Rent (\$)
Low	26.8	15.8	5.4	30.7	28.7	34	247,551	680
Moderate	14.5	18.8	13.0	28.1	21.9	38	244,998	716
Middle	17.0	37.0	42.5	28.5	32.2	42	294,902	905
Upper	41.7	28.4	39.1	12.7	17.2	41	374,694	994
Total or Median	100.0	100.0	100.0	100.0	100.0	41	323,190	793

Source: 2010 U.S. Census Data

As suggested by the small percentage of owner-occupied properties in low-income census tracts based on 2000 U.S. Census data, residential lending opportunities in 2011 were limited. In 2012, the number of housing units increased, and the percentage of owner-occupied housing units in low-income tracts increased to 5.4 percent.

As illustrated in Tables 4 and 5, home values in the low- and moderate-income census tracts increased dramatically between the Census years. A further review of information obtained from Dun and Bradstreet indicates that in 2011, the median home sales price for a home in the Bank's assessment area ranged from a low of \$122,888 in Pawtucket to a high of \$364,500 in Wrentham. In 2012, the median home sale price in Pawtucket remained at the low end of the range at \$125,000, and the highest median home sales price was in Franklin at \$337,000. Overall, nine of the communities in the Bank's assessment area experienced a decline in home sales price from 2011 to 2012.

Unemployment

During the evaluation period, unemployment remained high, but steadily decreased within the assessment area and across the nation, as the economy recovered from the recession that began in 2008. According to the Bureau of Labor Statistics, the Massachusetts and Rhode Island unemployment rates declined from 2011 to 2012. In 2011, the respective rates for each state were 7.7 percent and 12.7 percent; these rates decreased to 7.4 percent and 11.5 percent in 2012.

The assessment area unemployment rates for 2011 and 2012, at 7.9 percent and 7.6 percent, slightly exceeded the Massachusetts rates for each respective year. For both 2011 and 2012, the assessment area municipalities with the highest unemployment rates were Fall River, New Bedford, and Pawtucket with rates ranging from a low of 11.5 percent in Pawtucket in 2012 to a high of 12.7 percent in Pawtucket in 2011.

Business and Industry

Business geo-demographic data for 2011 indicate the assessment area contained 55,440 businesses, of which 54,216 were non-farm businesses. Of the non-farm businesses, 63.0 percent employed fewer than five individuals. In addition, 68.5 percent of non-farm businesses had gross annual revenues (GARs) of \$1 million or less. Of the non-farm businesses, 34.3 percent were located in the assessment area's 58 low- and moderate-income census tracts.

In 2012, the number of businesses decreased to 53,808, with a consistent distribution of farm versus non-farm businesses. Of the non-farm businesses, 66.2 percent employed fewer than five individuals. In addition, 72.4 percent of non-farm businesses had GARs of \$1 million or less. Of the non-farm businesses, 26.3 percent were located in the assessment area's 62 low- and moderate-income census tracts.

The Services industry represented the largest portion of businesses throughout the assessment area, at 39.8 percent for 2011 and 42.0 percent for 2012. The next largest industry in the assessment area is Retail Trade, representing 13.1 percent of all businesses in 2011, and 13.9 percent in 2012.

Competition

The residential mortgage market in which the Bank operates is highly competitive. In 2011, Home Mortgage Disclosure Act (HMDA) aggregate data showed there were 379 financial institutions that originated or purchased at least one HMDA-reportable loan (home purchase, home refinance, or home improvement of a one-to-four family or multi-family dwelling) in the assessment area. Collectively, 23,515 home mortgage loans totaling \$5.1 billion were originated or purchased within the Bank's assessment area. These lenders include both Rhode Island and Massachusetts-based institutions such as RBS Citizens, St. Anne's Credit Union of Fall River, Bank Five, and Pawtucket Credit Union. Lenders with a nationwide presence also operate within the Bank's assessment area such as Bank of America, JP Morgan Chase Bank, Mortgage Master, and Wells Fargo Bank.

The market for small business loans is also competitive. In 2011, small business aggregate data showed that 94 lenders originated 31,076 small business loans totaling \$1.1 billion. Among these were nationwide lenders such as American Express, Citibank, Chase Bank USA, and Capital One Bank, as well as Massachusetts and Rhode Island-based institutions such as RBS Citizens and Bank Rhode Island.

Management considers its primary competitors for home loans to include locally-based financial institutions such as St. Anne's Credit Union of Fall River in Massachusetts and Pawtucket Credit Union and Navigant Credit Union (formerly Central Falls Credit Union) in Rhode Island. Mortgage companies and large, national banks such as RBS Citizens, Bank of America, and Sovereign Bank pose additional competition due to their longevity in the market and their extensive branch networks. For small business loans, BCSB's primary competitors are BayCoast Bank and Rockland Trust.

Community Contacts

As part of the CRA evaluation process, third parties who are active in community affairs are contacted to assist in assessing the credit and community development needs of the Bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and what further opportunities, if any, are available.

Two community contacts were conducted in conjunction with this evaluation. The first contact was a representative from an organization that provides services and advocacy for low-income and homeless individuals. The contact stressed that economic hardship in the area is primarily due to a lack of employment and sustainable affordable housing. The individual noted the need for financial literacy courses and mortgages for first-time homebuyers. The second contact was a representative from an organization involved in economic development and small business financing. The contact noted that small businesses have struggled in recent years, particularly in securing funds for both startup and expansion costs. The contact explained that "mom and pop" establishments and high-end retail and service businesses have suffered the most. The contact indicated that individuals looking to start a business would benefit from a heightened level of small business financial education that helps provide the necessary technical expertise to be successful.

SCOPE OF EXAMINATION

Large Bank CRA Examination procedures were used to evaluate BCSB's CRA performance pursuant to the following three tests: Lending, Investment, and Service.

Examiners analyzed the following product lines within the noted timeframes:

- Residential mortgages originated in the Bank's assessment area from January 1, 2011 through December 31, 2012. A home mortgage loan is considered to be a home purchase, home improvement, or refinancing of a dwelling-secured loan. Home mortgage loans were reported pursuant to the HMDA. Data was obtained from the Bank's HMDA Loan Application Register (LAR).

- Small business loans originated and reported by the Bank from January 1, 2011 through December 31, 2012. Small business loans for purposes of this evaluation include commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less. Information concerning the small business lending was derived from the small business loan registers maintained by the Bank pursuant to CRA.

Consumer loans, which account for 18 percent of the Bank's loan portfolio, of which 98 percent are indirect automobile loans, were not considered in this evaluation, as this product line does not constitute a substantial majority of the institution's lending business. Further, an analysis of consumer loans would not have represented a meaningful analysis of the Bank's primary lending activities. Small farm loans were also not considered as the Bank does not engage in agricultural lending.

The Bank's loan portfolio is closely distributed among residential real estate at 37.1 percent including loans secured by one-to-four family and multi-family properties, and commercial loans at 41.2 percent including commercial real estate and commercial and industrial loans. It is further noted that BCSB originated 1,067 residential mortgages totaling \$271.4 million, and 693 small business loans totaling \$166.3 million, in 2011 in 2012, respectively. Considering the loan portfolio distribution and lending activity during the evaluation period, residential lending activity received slightly more weight than commercial lending when arriving at overall conclusions pursuant to the Lending Test criteria.

The Bank's home mortgage and small business lending activity was compared to applicable demographic data, and also compared to aggregate lending data for 2011, which is the most recent year for which this data is available. Lending data for 2012 was analyzed to identify any significant trends, and was compared to applicable demographic data. A comparison to aggregate data for 2012 could not be conducted, as that data is not yet available. Further, as this evaluation covers a transition period, for which two sets of demographic data are being used for data comparison, 2011 loan data is compared against 2000 U.S. Census data and 2012 loan data is compared against 2010 U.S. Census data.

It is important to note that market share reports and aggregate data presented in this evaluation include originated and purchased loans, as this data set represents the market for residential mortgage loans for financial institutions that are subject to HMDA reporting requirements. This would exclude financial institutions that do not have an office in an MSA and financial institutions that do not meet the minimum asset size threshold for HMDA reporting. Market share and aggregate data for small business loans include large banks that are required to collect and report the data, or smaller institutions that opt to collect and report; therefore, many smaller financial institutions are not included in the aggregate data. Small business market share reports, due to limitations in the data, default to the county level; therefore, ranks assigned reflect all activity within the counties in which the Bank designated at least a portion of its assessment area, unless otherwise noted.

The CRA evaluation also included a review of community development loans, innovative or flexible loans, qualified investments and donations, and community development services from October 20, 2009 through April 1, 2013. Qualified equity investments made by the Bank prior to the current evaluation period were also considered using the December 31, 2012 book value.

Interstate Banking and Branching Efficiency Act

BCSB operates branches in Massachusetts and Rhode Island. As such, a separate rating will be assigned for the Bank's performance in the Providence-New Bedford-Fall River MSA. This is based on the fact the Bank operates branch offices in both states of this multistate MSA. Similarly, a separate rating will be assigned for the Bank's performance in the State of Massachusetts. The State of Massachusetts rating will be based on the Bank's performance in the remaining municipalities not considered in the analysis of the Providence-New Bedford-Fall River MSA.

Table 6 reflects the distribution of the Bank's home mortgage and small business loan originations, deposits and branches (includes limited-service branches) within each of these areas in 2011 and 2012. As illustrated, activity within the Providence-New Bedford-Fall River MSA exceeded activity in the State of Massachusetts portion of the assessment area throughout the evaluation period. As a significant majority of the Bank's operations are focused in the Providence-New Bedford-Fall River MSA, performance in this area is assigned greater weight in arriving at overall ratings and conclusions.

Table 6								
Distribution of Loans, Deposits, and Branches by Area								
Area	Home Loans		Small Business Loans		Deposits*		Branches*	
	#	%	#	%	\$(000s)	%	#	%
Providence-New Bedford-Fall River MSA	636	96.1	510	93.6	991,751	97.3	12	92.3
Massachusetts	26	3.9	35	6.4	27,171	2.7	1	7.7
Totals	662	100.0	545	100.0	1,018,922	100.0	13	100.0

Source: 2012 Deposit Market Share Data, Bank Records. * As of June 30, 2012

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Lending Test evaluates an institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending, as applicable. The institution's lending performance is evaluated pursuant to the following criteria: (1) the volume of lending activity; (2) the proportion of lending within the assessment area(s); (3) the dispersion of loans and the number and the amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); (4) the distribution of loans among low-, moderate-, middle- and upper-income borrowers and businesses of different sizes; (5) the distribution of small business and small farm loans by loan amount at origination; (6) the volume of community development lending; and, (7) the use of innovative or flexible lending practices. Performance under the Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

Lending Activity

The Bank exhibited a good level of responsiveness to the assessment area's credit needs. The Bank actively originated home mortgage and small business loans in its assessment area throughout the evaluation period. The following sections discuss the Bank's performance by loan type.

Home Loans

In 2011, BCSB originated 288 home mortgage loans totaling \$65.9 million in the assessment area. Market rank data for 2011 shows that BCSB ranked 25th among the 379 HMDA reporting lenders that originated or purchased a home loan within the assessment area, with a 1.2 percent market share. The majority of lenders ranked higher than BCSB were either larger financial institutions or mortgage companies that operate on a regional or national basis. The top five home mortgage lenders in the assessment area included Wells Fargo, N.A.; Bank of America, N.A.; JP Morgan Chase Bank, N.A.; Sovereign Bank, N.A.; and GMAC Mortgage LLC, which obtained 6,481 of the 17,476 home loans or 37.1 percent of all lending activity in the area.

In 2012, BCSB's originations increased to 374 totaling \$80.8 million in the assessment area. Home purchase loans represented 38.2 percent, refinance loans accounted for 46.8 percent and home improvement comprised 15.0 percent of all home loans originated.

Small Business Loans

In 2011, BCSB reported 256 small business loans totaling \$58.1 million in the assessment area. Market rank data shows that in 2011, BCSB ranked 16th among the 94 reporting lenders (by number of loans) that originated at least one small business loan within the counties in which the Bank has designated its assessment area. Many of the lenders ranked higher than BCSB were credit card companies originating a large number of smaller dollar loans. By dollar volume of small business loans, BCSB's ranking increases to 4th among the reporting lenders, capturing 6 percent of the market. The institutions ranked ahead of BCSB were Bank of America, RBS Citizens, and Bank Rhode Island, with market shares of 15.3 percent, 10.5 percent, and 7.3 percent, respectively.

In 2012, BCSB's small business originations increased to 289, totaling \$66.9 million in its assessment area. This level of lending represents a 12.9 percent increase by number of loans compared to 2011 small business lending activity.

Assessment Area Concentration

This performance criterion determines what percentage of the Bank's lending occurs within the assessment area. The Bank originated an adequate percentage of its home mortgages and small business loans combined, by number and dollar, inside its assessment area in 2011 and 2012. Specifically, 68.6 percent by number of home mortgage and small business loans were originated inside the assessment area. The percentage by dollar volume was lower, at 62.1 percent. Table 8 illustrates the percentage, by number and dollar volume of home mortgages and small business loans originated inside and outside the assessment area in 2011 and 2012.

Table 7										
Distribution of Loans Inside and Outside of Assessment Area										
Loan Category	Number Loans					Dollar Volume (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2011										
Home Purchase	147	55.5	118	44.5	265	34,952	50.9	33,772	49.1	68,724
Refinance	113	65.3	60	34.7	173	27,533	60.9	17,659	39.1	45,192
Home Improvement	28	77.8	8	22.2	36	3,429	61.4	2,157	38.6	5,586
Total	288	60.8	186	39.2	474	65,914	55.2	53,588	44.8	119,502
2012										
Home Purchase	143	54.0	122	46.0	265	33,842	44.4	42,311	55.6	76,153
Refinance	175	68.6	80	31.4	255	38,094	59.9	25,515	40.1	63,609
Home Improvement	56	76.7	17	23.3	73	8,832	72.9	3,291	27.1	12,123
Total	374	63.1	219	36.9	593	80,768	53.2	71,117	46.8	151,885
Total Home Loan	662	62.0	405	38.0	1,067	146,682	54.0	124,705	46.0	271,387
Small Business 2011	256	79.3	67	20.7	323	58,143	77.8	16,553	22.2	74,696
Small Business 2012	289	78.1	81	21.9	370	66,875	73.0	24,722	27.0	91,597
Total Small Business	545	78.6	148	21.4	693	125,018	75.2	41,275	24.8	166,293
Grand Total	1,207	68.6	553	31.4	1,760	271,700	62.1	165,980	37.9	437,680

Source: HMDA LARs and CRA Small Business Loan Registers for 2011 and 2012.

Home Loans

Table 7 shows that the Bank originated 662 home loans totaling \$146.7 million in its assessment area during 2011 and 2012. Of these loans, 62.0 percent of the number and 54.0 percent of the dollar volume were originated within the assessment area. The data also illustrates that, based on the number of originations, lending activity within the assessment area increased from 60.8 percent in 2011 to 63.1 percent in 2012. Overall lending volume increases in 2012 are partially attributable to the introduction of an online application system, which impacted the number of home improvement and refinance originations, and the expansion of loan program offerings by MassHousing.

Small Business Loans

Table 7 shows that BCSB originated 545 small business loans totaling \$125.0 million in the assessment area during the evaluation period. This represents 78.6 percent of the total number and 75.2 percent by dollar volume of the small business loans originated during the evaluation period. This data also illustrates that despite an increase in the total number of originations, lending within the assessment area decreased modestly from 79.3 percent in 2011 to 78.1 percent in 2012. The

overall volume increase is attributable to the Bank's recent involvement in the Small Business Banking Partnership created by the Massachusetts State Treasury, which began in July 2011. It is also due in part to more activity with the SBA 504 and 7A loan programs.

Geographic Distribution

The geographic distribution of loans was reviewed to determine how well the Bank is addressing the credit needs throughout the assessment area. This performance factor focuses on the distribution of lending in the area's low- and moderate-income census tracts. Considering assessment area demographics, aggregate data, and performance context factors, the distribution of home mortgage and small business loans reflects adequate penetration in the low- and moderate-income geographies. The following sections discuss the Bank's performance under this criterion by loan type.

Home Loans

Table 8 presents the geographic distribution of residential loans by tract income within the assessment area. The table presents the Bank's loans in comparison to the percentage of owner-occupied units by census tract income level and aggregate lending. The distribution of home mortgages demonstrated adequate dispersion throughout the assessment area, particularly in low- and moderate-income geographies.

As shown in Table 8, the Bank originated 4 loans, or 1.4 percent, in the low-income census tracts of the assessment area. The Bank's performance slightly exceeded aggregate data, although its performance was below the percentage of owner-occupied housing units in these tracts. The Bank's lending in moderate-income tracts in 2011 lagged both the aggregate and the percentage of owner-occupied housing units.

Table 8 Distribution of HMDA Loans by Census Tract Income Level							
Census Tract Income Level	% of Total Owner-Occupied Housing Units (2000 Census)	Aggregate Lending Data (% of #)	Bank 2011		% of Total Owner-Occupied Housing Units (2010 Census)	Bank 2012	
		2011	#	%		#	%
Low	2.2	1.2	4	1.4	5.4	12	3.2
Moderate	14.9	9.4	18	6.2	13.0	24	6.4
Middle	45.0	38.6	131	45.5	42.5	162	43.3
Upper	37.9	50.8	135	46.9	39.1	176	47.1
Total	100.0	100.0	288	100.0	100.0	374	100.0

Source: 2011 and 2012 HMDA LARs, 2011 aggregate data, and 2000 and 2010 U.S. Census Data.

The Bank's performance in the moderate-income tracts may be due to several performance context factors. First, of the 43 moderate-income tracts in the Bank's assessment area, 95.3 percent are located in the Cities of Fall River, New Bedford, and Pawtucket, where the Bank's presence is limited. The Bank maintains a full-service branch in Pawtucket and one in New Bedford, and a loan

production office in Fall River. While a branch is located in Pawtucket, it is disconnected from the downtown area and the surrounding low- and moderate-income tracts by Interstate 95, and the Blackstone River, which crosses through the city. This separation from the downtown area may put the Bank at a disadvantage compared to the lenders located downtown and west of I-95 in attracting walk-in loan traffic. Additionally, the Bank opened its New Bedford branch during the evaluation period (June 2010). A second factor is the high level of competition faced in these areas. The market includes both local and regional-based financial institutions and mortgage companies such as Wells Fargo Bank, N.A., Bank of America N.A.; RBS Citizens, Pawtucket Credit Union, and St. Anne's Credit Union of Fall River, each of which maintains an extensive branch network throughout these areas.

Market share data for 2011 provides additional insight into the Bank's volume of home mortgage lending and further supports the competitive nature of both the low- and moderate-income market. Specifically, in the low-income tracts, the Bank was ranked 18th with a 1.5 percent share. Lenders ranked higher than BCSB included, but were not limited to, six national banks and four mortgage companies. These included, for example, Wells Fargo, RBS Citizens, Bank of America, Residential Mortgage Services, GMAC, and First Home Mortgage. The four largest lenders accounted for 88 of the 230 home loans in these tracts or 38.3 percent of total activity. In the moderate-income tracts, the Bank was ranked lower at 30th, capturing a 0.8 percent market share. Eight national banks and 11 mortgage companies were ranked higher than BCSB. These included for example, Wells Fargo, RBS Citizens, US Bank, and CitiMortgage. The four largest lenders accounted for 620 of the 2,217 home loans in these tracts capturing 28.0 percent of all lending activity. It is important to note that BCSB does not purchase loans and when assessing market share based on originations only, BCSB's ranking increases to 16th in the low-income tracts, with 1.9 percent of market, and 15th in the moderate-income tracts, with 1.7 percent of the market.

In 2012, the Bank's distribution of home loans among the low- and moderate-income tracts increased to 3.2 percent and 6.4 percent, respectively. However, this increase may be partially attributable to the shift in the low- and moderate-income tracts. Specifically, the number of low-income tracts nearly doubled from 15 to 28, thereby increasing the level of opportunity for lending in this income level of census tract. In both the low- and moderate-income tracts, the Bank's lending was not commensurate with demographic data. As 2012 aggregate data is not yet available, a comparison to determine how these changes affected other lenders could not be conducted.

It is also recognized that the Bank developed and implemented a tailored plan to assist in increasing loan activity in the area's low- and moderate-income census tracts. This three-pronged approach included hiring mortgage consultants with designated territories, increasing advertising and publicity, and enhancing outreach efforts. Some of the various outreach efforts for the Pawtucket market included for example meeting with the Housing Network of Pawtucket, realtors, and other centers of influence; hosting first-time homebuyer seminars; and hiring the a business development officer.

Small Business Loans

Considering assessment area demographics, aggregate data, and other performance context factors, the distribution of small business loans throughout the assessment area, particularly in low- and moderate-income areas, was adequate. Table 9 compares the distribution of the Bank's small business loans by census tract income level to the distribution of businesses and aggregate performance.

Table 9 Distribution of Small Business Loans by Census Tract Income							
Census Tract Income Level	Aggregate Lending Data (% of #)	% of Businesses 2011	Bank 2011		% of Businesses 2012	Bank 2012	
	2011	%	#	%	%	#	%
Low	7.1	7.1	11	4.3	13.7	28	9.7
Moderate	15.9	17.3	40	15.6	12.6	38	13.1
Middle	38.5	38.1	94	36.7	38.4	121	41.9
Upper	38.5	37.5	111	43.4	35.3	102	35.3
Total	100.0	100.0	256	100.0	100.0	289	100.0

Source: 2011 and 2012 CRA Small Business Loan Registers, 2011 aggregate data, and 2011 and 2012 Business Geodemographic data.

In 2011, the distribution of small business loans in low-income census tracts was below aggregate and demographic data. In addition, the Bank's performance of lending in moderate-income tracts in 2011 was in line with aggregate, but lagged demographic data. The Bank's performance was impacted by the limited branch presence in Fall River, New Bedford, and Pawtucket, and the extensive competition faced in these areas from larger financial institutions that maintain several locations throughout these cities.

A review of the lending data for 2012 revealed that, despite the Bank's small business lending increasing significantly to 9.7 percent in the low-income tracts, it was below demographic data. This is attributable to the fact that the number of low-income census tracts increased from 15 to 28 resulting in a greater number of businesses operating in those tracts. Lending in the moderate-income tracts decreased to 13.1 percent in 2012, but exceeded demographic data.

Borrower Profile

This performance criterion evaluates the distribution of BCSB's home mortgages by borrower income level, and small business loans by GARs. For residential lending, emphasis is placed on loans to low- and moderate-income borrowers, and for small business lending, emphasis is placed on loans to businesses with GARs of \$1 million or less. Overall, the distribution of borrowers reflects good penetration among retail customers of different income levels and businesses of different sizes. Specifically, the distribution of loans reflects good penetration among residential mortgage borrowers of different income levels and adequate penetration among businesses of different sizes. The following sections discuss the Bank's performance under this criterion by loan type.

Home Loans

The distribution of loans reflects good penetration to borrowers of different income levels, particularly those of low- or moderate-income levels. Table 10 presents the distribution of residential loans in the assessment area by borrower income level. The table also presents the percentage of families by income level and aggregate lending data.

Table 10 Distribution of HMDA Loans by Borrower Income Level							
Borrower Income Level	% of Total Families (2000 Census)	Aggregate Lending Data (% of #)	Bank 2011		% of Total Families (2010 Census)	Bank 2012	
		2011	#	%		#	%
Low	21.8	5.9	22	7.6	23.6	19	5.1
Moderate	17.1	16.9	55	19.1	16.8	69	18.5
Middle	22.0	23.6	82	28.5	20.2	113	30.2
Upper	39.1	38.0	115	39.9	39.4	153	40.9
\$0/NA Income	0.0	15.6	14	4.9	0.0	20	5.3
Total	100.0	100.0	288	100.0	100.0	374	100.0

Source: 2011 and 2012 HMDA LARs, 2011 aggregate data, and 2000 and 2010 U.S. Census Data.

In 2011, BCSB extended 7.6 percent of its home loans to low-income borrowers, and 19.1 percent to moderate-income borrowers. This performance slightly exceeded the aggregate performance of 5.9 percent and 16.9 percent, respectively. While the proportion of loans to low-income borrowers was below the percentage of low-income families in the assessment area, the Bank's distribution is good. According to 2000 U.S. Census data, 8 percent of families in the assessment area are classified as below the poverty level, which is a sub-set of low-income families. Low-income individuals with incomes below \$37,250 in 2011, particularly those below the poverty threshold, would have difficulty qualifying for home mortgage financing. The Bank slightly exceeded the percentage of moderate-income families in 2011, and the level of home improvement activity is especially noteworthy, as BCSB exceeded aggregate performance for this product.

Overall, BCSB ranked 17th among the 142 lenders originating loans to low-income borrowers capturing 1.6 percent of this market. Similarly, BCSB ranked 18th in lending to moderate-income borrowers garnering a 1.4 percent market share. The majority of lenders ahead of BCSB are national banks or mortgage companies with the top three lenders being Wells Fargo N.A., Bank of America N.A., and Sovereign Bank accounting for 287 of the 1,383 mortgages (20.8 percent market share) to low-income borrowers, and 969 of the 3,983 mortgages (24.3 percent market share) to moderate-income borrowers.

In 2012, the percentage of home loans to low-income borrowers declined from 2011, and was below demographic data. A review of the distribution of product types among this income group revealed that despite this decline, the number of home purchase loans to low-income borrowers remained

relatively constant. Similarly, the percentage of lending to moderate-income borrowers declined, but the number of loans increased from 55 to 69. Of loans to moderate-income borrowers in 2012, the number of home purchase loans remained constant.

BCSB has made positive efforts to address the credit needs of low- and moderate-income borrowers. The Bank offers its own first-time homebuyers programs to improve access to home mortgage financing for lower income borrowers. Additionally, the Bank originates loans through MassHousing loan programs. MassHousing offers a variety of loan programs geared toward low- and moderate-income borrowers, which feature competitive interest rates and flexible underwriting standards. Further, the Bank has made use of equity builder funds from the Federal Home Loan Bank to assist low- and moderate-income borrowers in purchasing a home. The equity builder funds provide borrowers with down payment and closing cost assistance, thereby helping consumers who might not otherwise qualify for financing.

Small Business Loans

The distribution of small business loans by GAR levels reflects adequate penetration of loans to businesses with GARs of \$1 million or less. Table 11 provides information regarding the distribution of small business loans by GAR category as compared to aggregate lending data for 2011 and business demographic data. The Bank's 2012 small business lending is compared to business demographic data to illustrate any trends.

Table 11 Distribution of Small Business Loans by Gross Annual Revenue Category (GAR)							
Gross Annual Revenues (000s)	2011 Total Businesses	2011 Aggregate Data	Bank 2011		2012 Total Businesses	Bank 2012	
	%	%	#	%	%	#	%
≤ \$1,000	68.5	37.0	86	33.6	72.4	89	30.8
> \$1,000 or N/A	3.8	63.0	170	66.4	4.7	200	69.2
Revenues Not Reported	27.7	0.0	0	0.0	22.9	0	0.0
Total	100.0	100.0	256	100.0	100.0	289	100.0

Source: 2011 and 2012 CRA Small Business Loan Register, 2011 aggregate data, and 2011 and 2012 Business Geodemographic data.

As shown in Table 11, the Bank originated 86 small business loans to businesses with GARs of \$1 million or less in 2011. This percentage is substantially lower than percentages of businesses in that revenue category but only slightly lower than the aggregate lending data for 2011. Due to restrictions in the aggregate data, the loans to businesses with GARs over \$1 million also includes loans to businesses where revenue was not reported.

A larger proportion of loans made by all other lenders reporting CRA small business loan data results from the large number of lenders that originate business credit cards with relatively small loan amounts. Market data shows BCSB ranked 13th in lending to businesses with GARs of \$1 million or less (by number of loans) in the counties in which the Bank has designated its assessment area.

BCSB's ranking increases to 10th when considering total dollar volume. In 2012, the Bank's distribution of small business loans remained relatively consistent with its 2011 performance.

Community Development Lending

The Bank's community development lending activities are evaluated pursuant to the following criteria: (1) the extent to which community development lending opportunities have been made available to the institution; (2) the responsiveness of the institution's community development lending; and (3) the extent of leadership the institution has demonstrated in community development lending.

A community development loan is a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the Bank for consideration under small business or home mortgage lending (unless it is a multi-family dwelling loan), and (3) benefits the Bank's assessment area or a broader statewide or regional area that includes the Bank's assessment area.

BCSB is a leader in originating community development loans. During the evaluation period, the Bank originated or renewed 76 community development loans totaling \$46.2 million. The total dollar amount of community development loans originated during the evaluation period represents approximately 4.5 percent of total loans. Of the community development loans originated, 4 loans totaling \$13.8 million had an impact on a statewide or broader regional area that included the Bank's assessment area; 55 loans totaling \$24.8 million were directly within the Providence-New Bedford-Fall River MSA portion of the assessment area; and, 17 loans totaling \$7.6 million benefited both the Providence-New Bedford-Fall River MSA and the Boston-Quincy MD. During the previous CRA evaluation, the Bank originated 58 community development loans totaling \$31.3 million. While an increase in both the number and dollar volume is recognized, it is also important to note this evaluation period covers a longer period of time. Table 12 summarizes the Bank's community development lending activities by year and by purpose.

Table 12 - Community Development Loans

Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
10/20/09–12/31/09	1	174	8	2,166	0	0	0	0	0	0	9	2,340
2010	2	175	18	7,628	5	8,274	0	0	0	0	25	16,077
2011	4	845	12	5,045	0	0	4	975	0	0	20	6,865
2012	1	25	12	4,570	6	15,273	1	25	0	0	20	19,893
1/01/13–3/31/13	0	0	2	1,000	0	0	0	0	0	0	2	1,000
Total	8	1,219	52	20,409	11	23,547	5	1,000	0	0	76	46,175

Source: Community Development Loan Records

*Targeted to Low- or Moderate-Income Individuals **Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

The following represents a sample of the community development loans granted during the evaluation period.

- Between 2009 and 2011, the Bank originated seven loans totaling approximately \$1.4 million to a non-profit agency located in the Providence -New Bedford- Fall River MSA. The agency offers a range of residential, employment, recreational, educational, and therapeutic services to low- and moderate-income individuals that have developmental disabilities. In 2009, two term loans of \$17,120 each were granted to purchase vehicles for client transport. In 2010, four loans totaling \$103,692 were extended to purchase additional vehicles. In 2011, BCSB provided a \$1.25 million working capital line of credit to this agency.
- In 2010, the Bank provided two SBA 504 Certified Development Company (CDC) loans totaling \$4.1 million to an automobile dealer to purchase a new dealership in Raynham. Establishing this dealership assisted in creating 15 new employment opportunities in the assessment area.
- In 2011, the Bank provided financing of \$950,000 (three separate working lines of credit) to a non-profit organization. The organization develops and maintains industrial parks in the City of Taunton, and provides opportunities for economic development through the retention and attraction of new businesses into the city. A portion of the proceeds were used to conduct site and road work at the Liberty Union Industrial Park to make the lots accessible and marketable. The continued development of this Industrial Park will create employment opportunities and contribute to the overall economic development of Taunton.
- In 2011, the Bank renewed a \$25,000 unsecured working capital line of credit to a non-profit agency formed to promote the economic development of the City of Pawtucket. The agency serves as an advocate for downtown Pawtucket, the riverfront, and transportation gateways. The agency is involved in revitalizing the downtown area. A majority of census tracts that comprise the City of Pawtucket are low- or moderate-income.
- BCSB has annually renewed a \$200,000 unsecured line of credit to a local non-profit organization that provides community services such as heating and clothing assistance, job training, and a homeownership program to low-income individuals residing in the Providence-New Bedford-Fall River MSA portion of the assessment area. Between 2009 and 2012, BCSB provided financing totaling \$399,000 to a non-profit housing agency established to produce and protect affordable housing throughout the Bank's assessment area. The agency offers a number of different programs including financial literacy, first-time homebuyer counseling, and tenant-landlord counseling. The loans included a \$174,000 commercial mortgage in 2009 to acquire and improve its current headquarters and a \$150,000 residential mortgage in 2010 to construct a single family home to be sold to another non-profit agency that provides support to low-income individuals with disabilities. Additionally, to help support working capital needs, BCSB renewed the agency's \$25,000 unsecured line of credit in 2010, 2011, and 2012.
- In 2011, BCSB granted a \$25,000 working capital line of credit to an organization that supports the revitalization and growth of the Taunton's central business district. In 2012, it was renewed. Membership is comprised of downtown business owners working in partnership with property owners and other non-profit organizations and businesses to improve the physical and economic conditions within the central business district. The central business district is overwhelming comprised of low- and moderate-income census tracts.

Innovative or Flexible Lending Practices

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: (1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and (2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

BCSB uses innovative and flexible lending practices designed to assist the area's low- and moderate-income residents and first-time homebuyers in pursuing or maintaining homeownership. The Bank also offers innovative and flexible loan products for small businesses through the SBA. While the loan programs would have been captured in the Bank's HMDA or CRA small business data, the programs are described here in order to highlight the innovative and flexible underwriting standards targeted towards low- and moderate-income borrowers or small businesses.

Home Loans

First-Time Homebuyers Programs

- **BCSB First-Time Homebuyer (FTHB) Program:** This FTHB program is available to individual(s) who have not owned a principal residence within the past three years and wish to purchase a condominium or a one-to-two family home in Massachusetts or Rhode Island that will be owner-occupied. The FTHB program is offered as a 30-year fixed-rate, 5/5 adjustable-rate, or 7/1 adjustable-rate mortgage. Private mortgage insurance is waived with a minimum downpayment of 10 percent. Closing cost assistance is offered to applicants who attend BCSB's-sponsored homebuyer seminars and counseling classes. During this evaluation period, the Bank originated 78 loans under this program totaling \$16.7 million.
- **BCSB First-Time Homebuyer Municipal Employee Program:** This program is available to municipal employees regardless of previous homeownership. The program is for the purchase of a one-to-two family, owner-occupied property located in Massachusetts or Rhode Island. The maximum loan amount is set in accordance with Fannie Mae's conventional two-family loan limit. The program is offered as a 30-year fixed-rate, 5/5 adjustable-rate, or 7/1 adjustable-rate mortgage. For single-family residences, 97 percent financing is available with private mortgage insurance. For two-family owner-occupied properties and condominiums, 95 percent financing is available. With a 10 percent down payment, private mortgage insurance is waived for both single- and two-family owner-occupied properties with a stable market value appraisal. During this evaluation period, the Bank originated 10 loans totaling \$2.3 million under this program.

MassHousing Programs

BCSB is a MassHousing (MH) approved lender. MH is a non-profit, public agency that supports the creation, preservation, and long-term viability of affordable homeownership and rental housing opportunities for Massachusetts residents with modest incomes who are under-served by conventional housing markets. MH loans are not limited to just first-time homebuyers. Loan programs that allow for very low down payments and offer competitive rates and discounted mortgage insurance are provided. Only 30-year fixed-rate mortgages are offered. MH loans offered by BCSB include MassHousing Mortgage, MassHousing Mortgage with No Mortgage Insurance, and MassHousing Right Rate. During

the evaluation period, the Bank originated 82 loans totaling \$14.2 million through these programs, which are detailed as follows.

- **MassHousing Mortgage:** This program is a traditional, 30-year, fixed-rate mortgage with MIPlus mortgage insurance which provides a unique job-loss benefit for borrowers and is available for loan-to-values up to 97 percent. During the evaluation period, the Bank originated 42 loans totaling \$7.3 million under this program.
- **Right Rate Loan Program:** This program was introduced in 2011, and is a special loan program for lower income homebuyers. The program offers discounted interest rates with low down payment options to borrowers with incomes at or below 80 percent of area median income. For Bristol County, the maximum income and loan limits for a single family home are set at \$60,480 and \$417,000, respectively. The maximum income limit is slightly higher for properties located in Norfolk County at \$74,320. The program allows borrowers an affordable mortgage payment that can be sustained long term. All mortgages are 30-year fixed-rate conventional loans that are fully amortizing. During the evaluation period, the Bank originated 19 loans totaling \$2.8 million under this program.
- **MassHousing Mortgage with No Mortgage Insurance:** This product provides financing up to a 97 percent loan-to-value without mortgage insurance on single-family homes and condominiums; 95 percent financing on two-to-four family homes. To qualify under this program, the borrower must meet certain income and loan limit guidelines. For Bristol County, the maximum income and loan limits for a single family home are \$102,060 and \$417,000, respectively. The maximum income limit is slightly higher for properties located in Norfolk County at \$125,415. During the evaluation period, the Bank originated 21 loans totaling \$4.1 million through this program.

Equity Builder Program

BCSB, through the Federal Home Loan Bank (FHLB) of Boston, offers the Equity Builder Program (EBP). This program offers flexible terms, conditions, and underwriting guidelines to help serve the credit needs of low- and moderate-income homebuyers. The FHLB offers its member banks grants to provide households with incomes less than 80 percent of area median income with assistance in areas such as down payment, closing costs, and homebuyer counseling. During the evaluation period, the Bank originated 17 loans totaling \$150,737 through this program.

Loan Modifications

BCSB offered loan modifications for residential loans to help customers avoid foreclosure and retain homeownership. During the evaluation period, the Bank modified 38 loans totaling \$8.5 million. Of these loans, 7 totaling \$1.4 million were to low-income borrowers and 14 totaling \$3.1 million were to moderate-income borrowers.

Massachusetts Save HEAT Loan Program

On April 15, 2011, BCSB became a participant in the Massachusetts Save HEAT Loan Program. The program offers no interest loans in amounts up to \$25,000 with terms up to seven years. The program is available for energy efficient improvements to one-to-four family residences. During the evaluation period, the Bank originated 255 loans totaling \$1.9 million through this program.

Small Business Administration (SBA) Loan Programs

The Bank offers loan programs through the SBA, including the SBA 504 CDC and SBA 7A. The mission of the SBA is to maintain and strengthen the nation's economy by enabling the establishment and viability of small businesses and by assisting the economic recovery of communities after disasters. These programs offer financing for qualified businesses that may not be eligible for traditional bank financing. BCSB originated 16 SBA loans totaling \$19 million during the evaluation period.

- **SBA 7A Program:** This program is designed to help small entrepreneurs start or expand their businesses. The Bank funds the loan, with SBA providing a loan guarantee of 75 percent to 90 percent of the total loan amount, depending on proceeds used. These SBA loans offer smaller down payments, flexible terms, and guarantees that assist small businesses in opening, expanding, or continuing their business. During the evaluation period, the Bank originated 6 loans totaling \$2 million through this program.
- **SBA 504 CDC Program:** This program is designed to provide financing for the purchase of fixed assets (real estate, buildings, and machinery). The program works by distributing the loan among three parties: the business owner (10 percent), the financial institution (50 percent), and the SBA (40 percent). During the evaluation period, the Bank originated 10 loans totaling \$17 million under this program.

Massachusetts Small Business Banking Partnership (SBBP)

The SBBP was introduced on May 5, 2011 by the Massachusetts State Treasurer and formally started on July 13, 2011. BCSB is one of fifty Massachusetts-based banks participating in this program. This program reallocated previously paid tax funds from the treasury to local banks. In this way, tax funds are being used to speed economic recovery through new loans to small businesses which, in turn, will help create new employment opportunities and more money will be available to engage in business activity. BCSB was originally approved for and received \$5 million under the SBBP in July 2011, and then received an additional \$5 million in funds under the expanded program in March 2012. Emphasis is placed on businesses located in gateway cities, such as Fall River, New Bedford, and Taunton. Since being established, the Bank has extended 89 loans totaling nearly \$10.5 million through this new program.

INVESTMENT TEST

Qualified Investments

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment areas or a broader statewide or regional area that includes the institution's assessment areas. A qualified investment for the purpose of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. Community development purposes include those that either: 1) provide affordable housing for low- or moderate-income individuals or areas; 2) provide community services targeting low- or moderate-income individuals or areas; 3) promote economic development by financing small businesses; or 4) revitalize or stabilize low- or moderate-

income geographies. Activities considered under the Lending Test or Service Test may not be considered under the Investment Test.

The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

According to the 2010 U.S. Census, 40.0 percent of the tracts and 40.4 percent of the families in the Bank's assessment area are considered low- or moderate-income. The Bank's assessment area contains a number of cities and towns with high concentrations of low- and moderate-income tracts and families, particularly Pawtucket, New Bedford, Taunton, and Fall River. For example, 77.4 percent of all tracts and 60.0 percent of families in New Bedford are low- or moderate-income, and 61.9 percent of all tracts and 57.9 percent of families in Pawtucket are low- or moderate-income. There are several organizations that work closely with low- and moderate-income individuals and families and the donations in these communities.

While not particularly innovative or complex, BCSB's qualified community development investments, donations and contributions reflect good responsiveness to credit and community development needs of the assessment area, considering the extent to which such opportunities are available. During the evaluation period the Bank's qualified equity investments and charitable contributions totaled \$3,443,249. This figure includes the current book value of equity investments made prior to October 20, 2009, as well as a qualified investment commitment and community development grants and donations made during the evaluation period.

Qualified equity investments total \$1,500,000, which represents 0.1 percent of total assets and 0.5 percent of the Bank's total investments of \$275,916,000 as of December 31, 2012. Investments include \$1,000,000 in a fund that supports the affordable housing industry, and \$250,000 in a private firm that provides small business loans in local communities; both of these investments were made prior to this evaluation period. BCSB committed an additional \$250,000 in October 2012. The following sections detail the Bank's qualified equity investments.

- **Access Capital Community Investment Fund:** The fund seeks to achieve its investment objective primarily in high quality debt securities and other debt instruments supporting the affordable housing industry in the areas of the United States designed by fund shareholders. Instruments that support the affordable housing industry include government-guaranteed loans, asset-backed securities, small business loans, taxable municipal securities, and other instruments. The Bank elected to target its investment within its assessment area. This investment was made prior to this evaluation period, and has a current book value of \$1,000,000.
- **SEED Ventures LP:** SEED Venture Finance, LLC manages SEED Ventures LP, and is a private investment firm that specializes in subordinated debt, senior debt and equity investments in small- and medium-sized business in Massachusetts and Rhode Island. The Bank committed \$250,000 to this organization prior to this evaluation period, of which \$119,050 had been advanced as of December 31, 2012. BCSB committed an additional \$250,000 in October 2012.

Charitable Contributions

The Bank established the Bristol County Savings Charitable Foundation in 1996 to make donations that support the economic and social well-being of the people and institutions located in the greater Attleboro/Taunton area and greater New Bedford, Massachusetts, and in Pawtucket, Rhode Island. Donations are made by the Foundation through four funds: The Bristol County Savings Bank Fund (BCSB Fund), which operates throughout the assessment area; the Taunton/Attleboro Fund, which operates primarily in the Towns of Taunton and Attleboro; the SouthCoast Fund, which operates in the New Bedford-Dartmouth area; and, the Pawtucket Advisory Board, which funds grants in the City of Pawtucket, Rhode Island.

Bank management indicated that the Foundation identifies organizations, assesses needs, and allocates donations from each fund by enlisting the help of community leaders from each region. The level of qualified donations demonstrated good responsiveness to assessment area credit and community development needs.

The total amount of qualified CRA contributions made by the Bank and by the Foundation from October 20, 2009 through April 1, 2013 was \$1,943,249, representing 49.2 percent of total contributions of \$3,951,700 during the evaluation period. The donations provided by the Foundation helped provide a variety of services to low- and moderate-income individuals and families, including assistance with food, healthcare, basic education, and activities that promote youth empowerment, language and technical skills education, affordable housing, and the revitalization of low- and moderate-income communities. In addition, the Bank has provided donations to multiple higher-education foundations in order to advance opportunities for low- and moderate-income students in the assessment area. Table 13 illustrates combined Bank and Foundation donation activity by year and by fund.

Table 13 Combined Assessment Area Community Development Grants and Donations by Fund						
Fund	10/20/2009- 12/31/2009	2010	2011	2012	YTD 2013	Total
	\$	\$	\$	\$	\$	\$
Bristol County Savings Bank	5,156	12,741	16,501	11,315	3,575	48,288
BCSB Fund	105,158	268,920	333,675	299,534	156,450	1,163,737
Taunton/Attleboro Fund	50,200	66,337	92,700	94,122	11,000	314,359
Southcoast Fund	29,500	41,100	56,500	61,000	N/A	188,100
Pawtucket Advisory Board	N/A	72,650	55,620	98,495	3,000	227,765
Total Donations	190,014	461,748	554,996	561,466	175,025	1,943,249

Source: Internal Bank Records

The \$1,943,249 in CRA qualified donations by the Bank and the Foundation represents an increase since the last evaluation period, when the Bank made qualified donations totaling \$1,435,758. Table 14 details the Bank's community development donations by purpose and by year.

Table 14 Combined Assessment Area Community Development Grants and Donations by Category						
Category	10/20/2009- 12/31/2009	2010	2011	2012	YTD 2013	Total
	\$	\$	\$	\$	\$	\$
Affordable Housing	0	5,500	27,200	7,040	0	39,740
Community Services to LMI individuals	173,834	411,248	460,221	496,336	174,525	1,716,164
Revitalization/Stabilization	15,500	45,000	45,075	24,730	500	130,805
Economic Development	680	0	22,500	33,360	0	56,540
Total	190,014	461,748	554,996	561,466	175,025	1,943,249

Source: Internal Bank Records

As indicated in the table above, a vast majority of donations were targeted toward organizations that provide services to low- and moderate-income individuals or families. In addition, \$39,740, or 2.0 percent of the donations were made to organizations that focus on affordable housing; \$130,805, or 6.7 percent went toward revitalization/stabilization efforts; and, \$56,540, or 2.9 percent was targeted toward economic development activities. Of the \$1,716,164 targeted toward community services, approximately 39 percent went to educational scholarships for low- and moderate-income students.

The following section provides an example of the organizations to which the Bank made qualified donations during the evaluation period.

Downtown Taunton Foundation – This foundation promotes the vitality and growth of Downtown Taunton through arts and cultural programs and community development projects. Services of the foundation include the creation of affordable housing and the renovation of business/commercial properties. Three officers of the Bank (The Chairman of the Board, a Director, and the First Executive Vice President/Senior Loan Officer) are members of the Board for this foundation. Additionally, the First Executive Vice President/Senior Loan Officer is on the Executive Committee. BCSB, through its donations, has helped the organization bring in over 100 new businesses and develop two industrial parks in its 25 year history.

Pro-Home – The mission of this organization is to produce and to advocate for the production of affordable housing; to prevent loss of, or displacement from existing housing; to eliminate discrimination in housing; and, to bring together diverse groups and individuals to aggressively work toward affordable housing solutions. This organization had experienced decreases in its government funding, and the Bank provided funding to keep the organization operating until other funding could be obtained.

New Bedford Economic Development Council – The organization is focused on bringing in new businesses and expanding existing businesses to provide new jobs and help the city prosper. The organization does this through loan and incentive programs, technical assistance, and workshops. A Senior Vice President/Commercial Lender is on the Board. Through the Bank's donations and the Senior Vice President's efforts working with the Executive Director (also a Corporator of the Bank), the Council helped secure \$100 million in federal funding for the build out of the port terminal as part of the Cape Wind Project.

The United Way of Greater Attleboro/Taunton – The donations were used to provide basic human needs for individuals and families, primarily those of low- or moderate-income. Organizations that received funds through the United Way for basic human needs include a number of organizations that also received direct donations from the Bank. Such organizations include the Boys & Girls Club of Taunton, Community Care Services, Girls Incorporated, New Hope, and Our Daily Bread Soup Kitchen.

Caritas Communities – Caritas Communities is a leader in providing Single Room Occupancy (SRO) housing. They own and manage 29 houses, providing permanent affordable housing for over 895 low- or moderate-income individuals in Greater Boston. The Bank's donations were made in support of case management and counseling services to low-income, homeless veterans living at the Sean Brook House in New Bedford.

New Bedford Star Kids Scholarship Fund – The mission of the Star Kids Scholarship Program is to provide educational opportunities in the form of tuition aid to effective non-public schools. The organization also provides uniforms, after-school and summer programs, tutoring and mentoring for high-risk, low-income children who have a parent with a history of incarceration and/or substance abuse.

The Pawtucket Foundation – The Bank made a donation in 2011, which helped restore music programs in all of Pawtucket's fifteen public schools. According to the City of Pawtucket, approximately 77 percent of the students in the school district are from low-income families.

Caritas, Inc.– This organization treats substance abusers and their families through residential and outpatient programs; a majority of those served by this organization are low- or moderate-income. The goal is to guide those entrusted in their care toward a life free of substance dependency.

Housing Network of Rhode Island – This network represents the state association of non-profit community development corporations. Members have helped develop thousands of units of affordable housing throughout the state, and initiated several revitalization efforts across Rhode Island.

Project GOAL, Inc. – This organization is comprised of education, business, and sports professionals whose mission is to facilitate the development of Rhode Island's disadvantaged youth, a majority of whom are low- or moderate-income, through after-school tutoring and soccer-related programs.

Children's Friend – The children served by this organization serve face a myriad of obstacles in their lives, including poverty, language barriers, lack of education, substance abuse, and difficulty accessing healthcare. The organization's mission is to provide flexible, effective, and culturally-relevant services, and to advocate for programs and policies that support and strengthen these children and their families.

In addition to monetary donations, the Bank donated office furniture and equipment to non-profit organizations during the evaluation period. Some of the organizations that received such in-kind donations from BCSB include the City of Attleboro Council on Aging, ARC of Northern Bristol County, Attleboro Area Council of Churches, and the Attleboro YMCA.

SERVICE TEST

The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that serve low- or moderate-income individuals; 3) the availability and effectiveness of alternative systems for delivering retail banking services in low- and moderate-income areas and to low- and moderate-income individuals; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs in those geographies.

The institution's community development services are evaluated pursuant to the following criteria: 1) the extent to which the Bank provides community development services; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and, 4) their responsiveness to available opportunities for community development services.

The Bank demonstrated leadership in providing community development services that are particularly responsive to assessment area needs and opportunities. The following sections provide further detail regarding the assessment of each factor considered under the Service Test.

Distribution of Branches

The Bank's service delivery system is accessible throughout its assessment area. The Bank's corporate headquarters is located in a low-income tract in Taunton. Including the main branch, the Bank operates 11 full-service branches; 10 in Massachusetts and 1 in Rhode Island. The branches are located in Pawtucket, Rhode Island, and Attleboro, Dartmouth, Franklin, New Bedford, North Attleborough, Raynham (2), Rehoboth, and Taunton (2), Massachusetts.

The Bank also operates two limited-service branches located in Attleboro High School and Taunton High School. These branches are only open to high school students, administration, faculty and staff. The branch is open during the academic year and offers all deposit products, but refers all loan applications to the main office. Table 15 illustrates the geographic distribution of the Bank's full-service branches (excludes high school offices) and ATMs compared to applicable demographic data.

Table 15						
Distribution of Branches and ATMS – Combined Assessment Area						
Census Tract Income	% of Tracts	% of Population	Branches		ATMs	
			#	%	#	%
Low	18.1	13.4	1	9.1	1	6.7
Moderate	21.9	17.4	1	9.1	3	20.0
Middle	34.2	36.7	4	36.4	5	33.3
Upper	25.8	32.5	5	45.4	6	40.0
Total	100.0	100.0	11	100.0	15	100.0

Source: Internal Bank Records and 2010 U.S. Census

The percentage of branches and ATMs located in low-income tracts is below the percentage of tracts and population of this income level; however, several of the Bank's branches in middle-income census tracts are in close proximity to the area's low- and moderate-income geographies. The percentage of branches in moderate-income tracts is also below demographic data; however, the percentage of ATMs available in this income level of census tract is generally commensurate with demographics.

Record of Opening and Closing Branches

The Bank's record of opening and closing branch offices has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

The Bank opened one branch since the prior CRA evaluation. The branch was opened in a middle-income census tract in New Bedford in June 2010. According to 2010 U.S. Census data, 77.4 percent of census tracts in New Bedford are low- or moderate-income, and 60 percent of the population is low- or moderate-income. While the branch is in a middle-income census tract, its opening has generally improved access to bank services within the community of New Bedford.

The Bank did not close any branches during the CRA evaluation period.

Retail Banking Services

The Bank's services, including business hours, do not vary in a way that inconveniences its assessment area, particularly in low- and moderate-income geographies or for low- and moderate-income individuals. Branch hours are convenient and comparable to other institutions. Office hours for each branch generally include opening at 9:00 a.m. and closing between 4:00 p.m. and 5:00 p.m. Monday through Wednesday. Extended hours are offered on Thursdays and Fridays, and each branch offers limited Saturday hours as well.

The Bank offers a variety of financial services through its branch network designed to meet the credit needs of its communities. Deposit services include checking and savings accounts, money market accounts, certificates of deposit, and individual retirement accounts.

The Bank also offers a variety of loan products. These include a variety of home mortgage programs with competitive rates and flexible terms such as affordable housing programs, first-time homebuyer programs, construction-permanent mortgages, fixed-rate mortgages, adjustable-rate mortgages, jumbo mortgages, auto loans, equity loans, equity lines of credit, passbook loans, and personal loans.

Furthermore, the Bank offers an array of financial planning services. Through the Bank's Anawon Trust Division, which was rebranded as the Financial Advisory Services Division of the Bank in 2012, the Bank offers financial planning and wealth management services, investment management, estate planning, estate settlement, employee benefit plans and endowment fund management.

Alternative Delivery Systems

ATMs and drive-ups are available at each of the branches. The Bank also operates four remote ATMs located throughout the assessment area, as previously described in the *Description of Institution* section.

The Bank offers “BCSB Online,” which provides account access and the ability to initiate transactions any time. With BCSB Online, customers have instant access to account information, electronic bill payment, stop payments, and customers can schedule transfers between accounts. The Bank also offers “BCSB Mobile,” which allows customers to check account balances, view account activity, transfer funds between accounts and initiate bill payments through a mobile device. Additionally, the Bank offers Internet bill pay, overdraft protection, direct deposit, ATM and debit cards, eChecking, which is a direct deposit account with electronic features, and eSavings, the companion savings account for the eChecking account customers.

Business Banking Services

The Bank offers a wide range of financial products for businesses. These include a comprehensive package of financial services including business checking, small business checking, business statement savings, business money market, and certificates of deposit. Business services include online banking, automated clearing house (ACH) origination, 24-hour telephone banking, remote deposit capture and wire transfers. Business loans include commercial mortgages, lines of credit, term loans, letters of credit, and SBA loans.

Community Development Services

BCSB is a leader in providing community development services. These community development services have resulted in a better-educated community, increased awareness of community needs, and contributed to improving the communities served. The Bank offers financial services and technical assistance to several community development organizations throughout the assessment area. In addition, management and employees of all levels provide financial education through a variety of seminars and events. The following sections provide examples of the organizations to which Bank employees provided community development services during the evaluation period. All of the services meet the definition of community development, and relate to the provision of financial services as required by the CRA regulation.

South Coast Regional Network to End Homelessness – This organization forms the basis for the new approach to solving homelessness, and is implementing this approach across the Bank’s assessment area. The organization seeks to preserve or provide housing first, with the appropriate support services, in order to reduce homelessness. The organization has provided approximately \$400,000 in funding for diversion, prevention, re-housing and evaluation across its service area. A Senior Vice President is a member of this network.

People Acting in Community Endeavors (PACE) Inc. – Incorporated in 1982, PACE’s purpose is to mobilize and utilize both public and private resources to affect the improvement of the economic and social quality of life for low-income residents of the Greater New Bedford area. Their mission is to develop strategies and to mobilize resources to alleviate poverty in New Bedford; and, to provide a leadership role in developing new programs and initiatives in order to increase the status and economic self-sufficiency of low-income residents in New Bedford and surrounding communities. A Vice President is a Board Member and a Member of the Finance Committee.

Fall River/New Bedford Housing Partnership – This organization was formed in January 2007 to address the housing and foreclosure crisis. Its mission includes providing foreclosure prevention counseling opportunities; educating consumers about purchase and rehabilitation programs for foreclosed properties; and, offering innovative loan products or mortgage refinancing options to maintain affordable homeownership. A Senior Vice President is a member of this partnership.

The Neighborhood Corporation – The Corporation’s mission is to address community and economic development needs, especially those of low-income families and individuals in Greater Taunton. The organization works toward promoting economic opportunity and job creation, and providing affordable housing. An Executive Vice President serves on the Board of Directors for this organization.

Pro Home Inc. – The purpose of this non-profit corporation is exclusively for education and charitable purposes. To produce and advocate for the production of affordable housing; to prevent loss of, or displacement from existing housing; and to eliminate discrimination in housing. Pro Home also offers programs, workshops and seminars ranging from financial literacy programs, first-time homebuyer counseling, foreclosure counseling and down payment programs. A Vice President is the President of the Board; a Branch Manager serves as a Board Member and a Money Smart Facilitator; and, an Assistant Vice President is a Program Facilitator for this organization.

SEED Corporation – This non-profit organization was established in 1982 to improve the economy of the region by helping small businesses get started, grow, and create jobs. The organization assists and supports small businesses during their start-up phase to help secure traditional financing; and, promotes the expansion of existing businesses by working with lending institutions and the SBA to provide financing. A Vice President serves as a Director and Clerk, and is a member of the Executive Committee. An Executive Vice President is a member of the Loan Review Committee.

Associates for Human Services, (AHS) Inc. – AHS was incorporated in 1974 to meet a wide range of human services needs in Greater Taunton. AHS is a private non-profit agency that provides support services for children, adults and seniors experiencing medical needs, developmental delays and/or disabilities, economical disadvantages, or educational risk factors. AHS works with individuals at all levels of ability to support their efforts to achieve equality, dignity and independence. An Executive Vice President is a Board Member and Treasurer, and previously served as the Chairman of the Board.

Salvation Army (Pawtucket) - This organization assists millions of homeless, working poor, children, youth, addicted, elderly and abused families and individuals. A Branch Manager serves as a Board Member.

Boys and Girls Club of Pawtucket – The mission of this organization is to inspire and enable the youth of Pawtucket and surrounding communities, especially those of low- or moderate-income levels, to realize their full potential as healthy, productive, responsible and caring citizens. A Vice President is a Board Member.

The Pawtucket Foundation – The Foundation represents the private business and non-profit sector in advocating for downtown, riverfront, and “gateway” improvements within Pawtucket. As a group of civic entrepreneurs, the Foundation works to maintain a vision of the community's future and to help assemble the information, talent, and resources to realize this vision. The city is primarily composed of low- and moderate-income census tracts. A Vice President is a Board Member, and an Executive Vice President serves as the Treasurer for this organization.

Educational Services and Seminars

Bank officers and employees participated in numerous seminars and other events sponsored by the Bank during the evaluation period. These events provided opportunities for Bank representatives to inform those in attendance about the products and services offered by the Bank, and to gain information about unmet credit and community development needs in the assessment area.

The Bank sponsored 14 first-time homebuyer seminars throughout the evaluation period. Topics included the loan application process, different loan programs, insurance, credit scores and successful homeownership. Additionally, the Bank presented 18 financial literacy programs. Topics included banking services, maintaining good credit, the importance of credit scores, how to repair bad credit histories and consumer protection laws.

During the evaluation period, the Bank sponsored 12 FDIC Money Smart seminars. The program is a comprehensive financial educational curriculum designed to help low- and moderate-income individuals outside the financial mainstream enhance their financial skills and create positive banking relationships. Topics included saving money and budgeting, introduction to bank services, introduction to credit, how to choose and keep a checking account, and how to make a credit card work for you.

The Bank sponsored five foreclosure prevention seminars during the period reviewed. Topics included areas such as the importance of credit, what is needed to process a loan application and why it is needed, and what should be known about foreclosed or short sale properties.

In 2010, the Bank sponsored 17 general homeownership seminars. Topics included researching lenders, mortgage programs, closing costs, down payment, homebuyer concerns, and financing home improvements.

In October 2010, in partnership with the Executive Service Corps (ESC), the Bank sponsored three workshops designed for non-profit organizations in the greater New Bedford, Taunton, Attleboro and Pawtucket markets. The purpose included providing a step-by-step process to assess the current status of organizations, how to plan for the unknown, and what actions may be taken to strengthen your organization. Workshop topics included “Developing Contingency Plans and Exploring Strategic Opportunities,” “Exploring Strategic Opportunities,” and “Change and Transition.”

In 2011, the Bank participated in two “Credit for Life” fairs. “Credit for Life” is a financial education opportunity for high school students to learn the basics of personal finance. Students participate in an interactive fair where they are given a “salary” and must visit vendors to decide what lifestyle choices their budget allows. Students meet with “financial advisors” to discuss choices and alternatives.

On June 8, 2011, the Bank hosted a Mass Bankers Association seminar on “Preventing Financial Exploitation of the Elderly.” Participants included five bank employees and 19 representatives from local financial institutions. The focus was how to protect the elderly from the many financial scams that are occurring on a daily basis.

In 2012, the Bank partnered with the Housing Network of Rhode Island (NHRI) to present a homebuyer education seminar. Upon completion of the class, participants are able to understand the steps in the home buying process, learn the differences between renting and owning a home, understand how much they can afford to pay for a home, the right loan product for them, how to work with a real estate agent, and why you need a home inspection and what problems may arise in the process.

In 2012, the Bank participated in the Attleboro Area School-to-Career Partnership, Inc. The mission of the Career Partnership is to foster collaboration between businesses, school systems and their respective community organizations for the preparation of a highly skilled workforce by supporting work-based learning activities. The seminar provides students with career training, internships and job opportunities by collaborating with businesses in Attleboro and its surrounding communities.

During the first quarter of 2013, the Bank sponsored four financial literacy seminars for middle school and high school students to discuss the importance of saving money, how to save money, what types of bank accounts may be best suited for students, how to spend wisely, how to use credit responsibly, and how to invest money.

In 2013, the Bank was involved in two construction/building expos. The expos were focused on construction lending, building a home, foreclosed properties, how to rehab a property, and home improvement projects. Contractors and engineers were invited to participate and were able to showcase and demonstrate their products. The focus is on distressed properties in order to teach first-time homebuyers how to buy and fix up these properties as an alternative for purchasing their first home.

Other Community Development Services

BCSB participates in the Interest on Lawyers' Trust Accounts (IOLTA) program. Interest earned on the accounts is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients. Interest earned on IOLTA accounts included \$1,865 in the fourth quarter of 2009; \$7,008 in 2010; \$2,483 in 2011; \$2,717 in 2012 and \$706 in the first quarter of 2013.

The Bank participates in the Massachusetts Community and Banking Council's (MCBC) Basic Banking in Massachusetts program. This statewide program is designed to offer low cost checking and savings accounts to low- and moderate-income individuals.

The Bank participated in the State Treasurer's "Savings Makes Sense" program at six local schools located in Attleboro, North Attleboro, Raynham, Rehoboth and Taunton. This program focuses on the "ABC's" of money management to teach children basic monetary concepts, including how to open a savings account, the origin of money and basic budgeting skills.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

PROVIDENCE-NEW BEDFORD-FALL RIVER MSA (Multistate MSA)¹

CRA RATING FOR PROVIDENCE-NEW BEDFORD-FALL RIVER MSA: Satisfactory

The Lending Test is rated:	High Satisfactory
The Investment Test is rated:	High Satisfactory
The Service Test is rated:	Outstanding

The Bank's CRA performance within the Providence-New Bedford-Fall River Multistate MSA is similar to overall performance. A substantial majority of the Bank's lending activities and full-service branches are within this MSA. Detailed information was previously provided in the *Description of Assessment Area* and *Scope of Examination* sections.

SCOPE OF EXAMINATION

The Bank's CRA performance within the Multistate MSA portion of the assessment area was analyzed as outlined previously in the *Scope of Examination* section. The products and time period outlined in that section also apply to the Multistate MSA evaluation, with the exception that only loans, qualified investments, and community development services made or provided in the Providence-New Bedford-Fall River MSA are considered. Considering the distribution of branches and overall lending activities, greater weight is placed on the Bank's performance in this portion of the assessment area when arriving at overall ratings and conclusions.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN PROVIDENCE-NEW BEDFORD-FALL RIVER MSA

In addition to its main office located at 35 Broadway, Taunton, Massachusetts, BCSB operates a full-service branch in Pawtucket, Rhode Island, and eight in Massachusetts, including those in Attleboro, Dartmouth, New Bedford, North Attleboro, Raynham (2), Rehoboth, and Taunton. As previously mentioned, the Bank opened the New Bedford branch in June 2010.

BCSB also operates two limited-service branch offices in local high schools – Attleboro High School and Taunton High School. These offices serve as banking services for students in the schools' business programs and provide limited banking services for students, faculty, and staff. Neither office is open to the general public. The Bank also operates a loan production office in Fall River. Automated Teller Machines (ATMs) are located in each banking office and remote ATMs are available in Attleboro at the Capron Park Zoo, in New Bedford at the Buttonwood Park Zoo and the New Bedford Airport, and in Pawtucket at McCoy Stadium.

This Multistate MSA portion of the assessment area consists of 21 municipalities: Pawtucket, Rhode Island, and the Massachusetts communities of Acushnet, Attleboro, Berkley, Dartmouth, Dighton, Easton, Fairhaven, Fall River, Freetown, Mansfield, New Bedford, North Attleboro, Norton, Raynham, Rehoboth, Seekonk, Somerset, Swansea, Taunton, and Westport.

Summarized in Tables 16 and 17 is pertinent demographic information concerning this portion of the assessment area. Separate tables are included to demonstrate the significant changes that occurred within the assessment area due to changes from the 2000 U.S. Census to the 2010 U.S. Census.

¹ This rating reflects performance within the multistate metropolitan area. The statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area.

Table 16 Demographic Data for Providence-New Bedford-Fall River MSA					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Census Tracts	137	11.0	31.4	37.2	20.4
Population by Geography	607,636	6.4	25.9	39.3	28.4
Owner-Occupied Housing by Geography	139,877	2.4	16.3	46.8	34.5
Businesses by Geography	49,059	7.8	19.2	39.2	33.8
Family Distribution by Income Level	160,063	22.7	17.5	21.9	37.9
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		\$53,013 \$74,500 12%	Median Housing Value		\$139,897

Source: 2000 U.S. Census and 2011 HUD-updated MFI

Table 17 Demographic Data for Providence-New Bedford-Fall River MSA					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Census Tracts	146	19.2	23.3	34.2	23.3
Population by Geography	619,433	14.5	18.8	36.2	30.5
Owner-Occupied Housing by Geography	148,500	6.0	14.2	42.9	36.9
Businesses by Geography	47,600	15.2	13.9	37.9	33.0
Family Distribution by Income Level	159,660	24.6	17.1	20.0	38.3
Median Family Income FFIEC Adjusted Median Family Income for 2012 Households Below Poverty Level		\$70,496 \$75,600 13%	Median Housing Value		\$292,104

Source: 2010 U.S. Census and 2012 FFIEC-updated MFI

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PROVIDENCE-NEW BEDFORD-FALL RIVER MSA

LENDING TEST

Lending Activity

BCSB's home mortgage and small business lending in the Providence-New Bedford-Fall River MSA reflects good responsiveness to the credit needs of the area, consistent with its lending performance overall. The following sections discuss the Bank's performance under this criterion by product line.

Home Loans

In 2011, the Bank originated 274 loans totaling \$61.8 million in this portion of the assessment area. These figures represent a substantial majority of lending inside the assessment area, at 95.1 percent by number of loans and 93.8 percent by dollar volume. A similar distribution by number and dollar volume was evident in 2012. In 2011, as this is the most recent year for which aggregate data is available, BCSB ranked 18th of the 338 lenders that originated or purchased at least one home mortgage in this portion of the assessment area. The Bank's market share was 1.9 percent by number of loans and 2.1 percent by dollar volume. Market share reports are not available for 2012 as of this evaluation date.

Small Business Loans

In 2011, BCSB originated 239 small business loans totaling \$54.8 million in this portion of the assessment area. This accounts for 93.4 percent by number and 94.3 percent by dollar volume. A similar distribution by number and dollar volume was evident in 2012. In 2011, as this is the most recent year for which aggregate data is available, BCSB ranked 14th of the 73 lenders that originated small business loans in the counties in which the Bank designated this portion of the assessment area. The Bank's market share was 1.5 percent by number of loans and 9.1 percent by dollar volume.

Geographic Distribution

The geographic distribution of home mortgages and small business loans in the Multistate MSA is similar to the Bank's overall performance under this criterion, and reflects adequate penetration throughout this portion of the assessment area. The following sections detail the Bank's performance by loan type.

Home Loans

Considering assessment area demographics, aggregate data, and performance context factors, the distribution of home mortgage loan reflects adequate penetration in the low- and moderate-income geographies of this portion of the assessment area. In 2011, the Bank made 1.5 percent and 6.6 percent of its home mortgages in low- and moderate-income tracts, respectively. Lending in low-income tracts slightly exceeded aggregate data at 1.4 percent; whereas, lending in moderate-income tracts was below aggregate at 11.0 percent. The Bank's level of lending in low- and moderate-income tracts increased from a combined 8.1 percent in 2011 to 9.9 percent in 2012.

Small Business Loans

Considering assessment area demographics, aggregate data, and performance context factors, the distribution of small business loans reflects adequate penetration in the low- and moderate-income geographies of this portion of the assessment area. In 2011, the Bank made 4.6 percent and 16.7 percent of its small business loans in the low- and moderate-income tracts, respectively. Lending in the low- and moderate-income tracts was less than aggregate data of 8.1 percent and 17.5 percent, respectively. The Bank's level of lending in low- and moderate-income tracts increased from a combined 21.3 percent in 2011 to 24.3 percent in 2012.

Borrower Profile

The borrower distribution of home mortgages and small business loans in the Multistate MSA is similar to the Bank's overall performance under this criterion, and reflects good dispersion among borrowers of different income levels and businesses of different sizes in this portion of the assessment area. The following sections detail the Bank's performance by loan type.

Home Loans

The Bank has achieved a good penetration of home loans among borrowers of different income levels when compared with aggregate data and area demographics. In 2011, the Bank made 9.2 percent and 21.7 percent of its home mortgages to low- and moderate-income borrowers, respectively. This performance exceeded aggregate data at 6.5 percent to low-income borrowers and 17.8 percent to

moderate-income borrowers. The Bank's level of lending to low- and moderate-income borrowers decreased from a combined 30.9 percent in 2011 to 24.3 percent in 2012.

Small Business Loans

The Bank has achieved an adequate penetration of small business loans among businesses of different sizes. In 2011, the Bank made 32.6 percent of its small business loans to businesses with GARs of \$1 million or less. Lending was slightly less than aggregate data at 36.6 percent. The Bank's level of lending to small businesses decreased slightly from 32.6 percent in 2011 to 29.5 percent in 2012.

Community Development Lending

The Bank, consistent with its overall performance, was a leader in making community development loans in this portion of the assessment area. A majority of community development loans were originated during the evaluation period were in this portion of the assessment area.

BCSB originated 55 community development loans totaling \$24.8 million in the Providence-New Bedford-Fall River MSA. This represents 72.4 percent of the total number of community development loans originated by BCSB during the evaluation period. Examples of community development loans are provided in the overall *Conclusions with Respect to Performance Criteria* section of this evaluation, and Table 18 illustrates the community development loans originated in this portion of the assessment area by year and by purpose.

Table 18 - Community Development Loans in Providence-New Bedford-Fall River MSA												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services*		Economic Development		Revitalization or Stabilization**		Neighborhood Stabilization Projects			
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
10/20/09–12/31/09	0	0	8	2,167	0	0	0	0	0	0	8	2,167
2010	0	0	15	6,228	4	7,074	0	0	0	0	19	13,302
2011	3	820	10	3,945	0	0	4	975	0	0	17	5,740
2012	0	0	8	2,570	0	0	1	25	0	0	9	2,595
1/1/13–3/31/13	0	0	2	1,000	0	0	0	0	0	0	2	1,000
Total	3	820	43	15,910	4	7,074	5	1,000	0	0	55	24,804

Source: Internal bank records.

Innovative and Flexible Lending Practices

BCSB's loan products are offered consistently throughout its entire assessment area. All residential and commercial loan products described in the overall *Conclusions With Respect to Performance* are offered in the Providence-New Bedford-Fall River MSA. Of the residential lending activity considered under this criterion, 94.5 percent by number and 70.2 percent by dollar volume were within this area. With regard to commercial lending, 86.7 percent by number and 68.8 percent by dollar volume were within this area. Please refer to the overall *Innovative and Flexible* section for detail regarding specific loan types offered by BCSB.

INVESTMENT TEST

The level of qualified investments, donations and grants represents good responsiveness within this portion of the assessment area. Equity investments benefit a broader area that includes this multistate MSA. As noted in Table 19, \$1,686,765 of the Bank's qualified donations (86.8 percent) directly benefitted the multistate MSA. Furthermore, the Bank made qualified donations totaling \$197,804 that benefitted organizations that operate in a broader area that included this portion of the Bank's assessment area. Table 19 depicts qualified donations made within the Providence-New Bedford-Fall River MSA by community development purpose and by year.

Table 19 Community Development Grants and Donations by Category Providence-New Bedford-Fall River MSA						
Category	10/20/2009- 12/31/2009	2010	2011	2012	YTD 2013	Total
	\$	\$	\$	\$	\$	\$
Affordable Housing	0	500	0	3,540	0	4,040
Community Services to LMI Individuals	161,634	357,333	399,583	432,085	160,425	1,511,060
Revitalization/Stabilization	15,500	30,000	45,057	24,730	500	115,805
Economic Development	0	0	22,500	33,360	0	55,860
Total	177,134	387,833	467,158	493,715	160,925	1,686,765

Source: Internal bank records

SERVICE TEST

The Bank's performance under the Service Test for the Multistate MSA is consistent with overall performance.

All but one of the Bank's branches and ATMs are located in this portion of the assessment area. Of the 10 branches in this area, 20 percent are located in low- and moderate-income census tracts. Additionally, 28.9 percent of the Bank's ATMs are located in low- and moderate-income census tracts.

The Bank opened one new branch during this evaluation period. That branch is located in New Bedford, which is within this multistate MSA. While that branch is located in a middle-income census tract, 77.4 percent of the census tracts and 72.3 percent of the population in New Bedford are low- and moderate-income. The additional branch has provided additional access to retail banking services for the community.

All of the Bank's alternative delivery systems, business banking services, and other banking services discussed within the Bank's assessment area are available within this multistate MSA.

Similar to the overall record of providing community development services, the Bank is a leader in providing community development services within this portion of the Bank's assessment area. The level of community development services in the multistate MSA is excellent. Almost all of the community development services discussed in the overall assessment area directly benefits this multistate MSA. Furthermore, those organizations that are not specific to this area include a broader area that includes the Bank's entire assessment area. Please refer to the overall *Community Development Services* section of this evaluation for detail regarding qualified activities.

MASSACHUSETTS

CRA RATING FOR MASSACHUSETTS²: Satisfactory

The Lending Test is rated: **Low Satisfactory**
The Investment Test is rated: **High Satisfactory**
The Service Test is rated: **High Satisfactory**

SCOPE OF EXAMINATION

The Bank's CRA performance within the State of Massachusetts was analyzed as outlined previously in the *Scope of Examination* section. The products and time period outlined in that section also apply to the State evaluation, with the exception that only loans, qualified investments, and community development services made or provided in Massachusetts are considered. Activities in portions of Massachusetts included in the Providence-New Bedford-Fall River Multistate MSA are not addressed in this section. Considering the distribution of branches and overall lending activities, less weight is placed on the Bank's performance in this portion of the assessment area when arriving at overall ratings and conclusions.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MASSACHUSETTS

BCSB operates one full-service branch office in this area.

This portion of the assessment area includes the municipalities of Franklin, Plainville, and Wrentham. Summarized in Tables 20 and 21 is pertinent demographic information concerning this portion of the assessment area. Tables 20 and 21 are included to demonstrate the changes that occurred within these municipalities due to changes within the U.S. Census data.

Table 20 Demographic Data for Massachusetts					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Census Tracts	7	0.0	0.0	28.6	71.4
Population by Geography	47,797	0.0	0.0	27.4	72.6
Owner-Occupied Housing by Geography	13,322	0.0	0.0	26.6	73.4
Businesses by Geography	5,157	0.0	0.0	27.2	72.8
Family Distribution by Income Level	12,583	10.8	12.6	22.7	53.9
Median Family Income		\$62,948	Median Housing Value		\$214,068
HUD Adjusted Median Family Income for 2011		\$87,600			
Households Below Poverty Level		4%			

Source: 2000 U.S. Census and 2011 HUD-updated MFI

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate area rating and discussion for the rating and evaluation of the institution's performance in that area.

Table 21 Demographic Data for Massachusetts					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Census Tracts	9	0.0	0.0	33.3	66.7
Population by Geography	50,854	0.0	0.0	42.7	57.3
Owner-Occupied Housing by Geography	14,645	0.0	0.0	39.2	60.8
Businesses by Geography	4,955	0.0	0.0	42.4	57.6
Family Distribution by Income Level	13,165	12.3	13.2	22.5	52.0
Median Family Income		\$83,664	Median Housing Value		\$393,088
FFIEC Adjusted Median Family Income for 2012		\$88,800			
Households Below Poverty Level		5%			

Source: 2010 U.S. Census and 2012 FFIEC-updated MFI

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MASSACHUSETTS

LENDING TEST

Lending Activity

BCSB's home mortgage and small business lending in the Massachusetts portion of the assessment area reflects adequate responsiveness to the credit needs of the area. The following sections discuss the Bank's performance under this criterion by product line.

Home Loans

Of the 288 loans totaling \$65.9 million originated by BCSB in its assessment area in 2011, only 14 loans, or 4.9 percent totaling nearly \$4.1 million were originated in this portion of the assessment area. A similar distribution by number and dollar volume was evident in 2012. In 2011, as this is the most recent year for which aggregate data is available, BCSB ranked 44th of the 215 lenders that originated or purchased at least one home mortgage in this portion of the assessment area. The Bank's market share stood at 0.4 percent by number of loans and 0.5 percent by dollar volume. This level of lending is commensurate with the Bank's limited physical presence and the small percentage of geographies, represented in this portion of the assessment area.

Small Business Loans

In 2011, BCSB originated 17 small business loans totaling \$3.3 million in this portion of the assessment area. This accounts for 6.6 percent by number and 5.7 percent by dollar volume of small business loans originated in the assessment area as a whole. A similar distribution by number and dollar volume was evident in 2012. In 2011, as this is the most recent year for which aggregate data is available, BCSB ranked 29th of the 78 lenders that made loans in Norfolk County (the county in which this portion of the assessment area is located). The Bank's market share stood at 0.2 percent by number of loans and 1.2 percent by dollar volume. This level of lending is commensurate with the Bank's physical presence in these areas, as well as the percentage of businesses therein.

Geographic Distribution

As this area does not include any low- or moderate-income census tracts, the geographic distribution analysis was limited. No conspicuous lending gaps were noted in this portion of the assessment area.

Borrower Profile

This analysis revealed that the Bank has made loans to borrowers of different income levels, particularly those of low- and moderate-income, and to businesses of different sizes, particularly businesses with GARs of \$1 million or less. Due to the small number of loans in this portion of the assessment area each year overall, the analysis would not yield meaningful conclusions.

Community Development Lending

BCSB made an adequate level of community development loans in a broader statewide or regional area that includes this portion of the assessment area.

The Bank did not originate any community development loans directly in Franklin, Plainville, or Wrentham. However, opportunity for making community development loans in these three municipalities is significantly less than the level of opportunity in the municipalities comprising the remainder of the assessment area. Further, as noted in the overall *Conclusions with Respect to Performance Criteria* section of this evaluation, the Bank extended community development loans to entities that serve the broader or statewide that includes this portion of the assessment area.

Innovative and Flexible Lending Practices

BCSB's loan products are offered throughout its entire assessment area. All residential and commercial loan products described in the overall *Innovative and Flexible Lending Practices* section are available in this area. Of the residential lending activity, 5.5 percent by number and 29.8 percent by dollar volume were within this area. With regard to commercial lending, 13.3 percent by number and 31.2 percent by dollar volume were within this area.

INVESTMENT TEST

The Bank's level of qualified investments, donations and grants represents good responsiveness within this portion of the assessment area. The Bank operates a single full-service branch in this area, which does not include any low- or moderate-income census tracts. There are 2,894 low- and moderate-income families in this area, which represents 4.3 percent of all low- and moderate-income families in the Bank's assessment area as a whole.

Additionally, Table 22 shows that \$58,680 (3.0 percent) of all qualified donations were to organizations located within this portion of the assessment area, which is generally commensurate with the Bank's limited presence in this area. Furthermore, the Bank made \$197,804 in qualified donations that benefitted the Bank's entire assessment area. Table 22 depicts qualified donations made within this portion of the assessment area by community development purpose and by year.

Table 22 Community Development Grants and Donations by Category Massachusetts						
Category	10/20/2009- 12/31/2009	2010	2011	2012	YTD 2013	Total
	\$	\$	\$	\$	\$	\$
Affordable Housing	0	5,000	27,200	3,500	0	35,700
Community Services to LMI Individuals	500	9,250	10,400	150	2,000	22,300
Revitalization/Stabilization	0	0	0	0	0	0
Economic Development	680	0	0	0	0	680
Total	1,180	14,250	37,600	3,650	2,000	58,680

Source: Internal bank records

SERVICE TEST

One of the Bank's branches and one ATM are located in this portion of the assessment area. This area does not have any low- or moderate-income census tracts. All of the Bank's retail and alternative delivery services are available within this area, and hours of operation are consistent with those previously described.

The Bank provided financial education seminars in this portion of the assessment area, and several organizations to which the Bank provided community development services serve a broader regional area that includes the municipalities of Franklin, Plainville and Wrentham. Such organizations include SEED Corporation and Pro-Home, Inc.

APPENDIX A

MINORITY APPLICATION FLOW

The Bank's level of lending in 2011 was compared to aggregate lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. The following table illustrates the Bank's minority application flow for 2011 and 2012, and includes 2011 aggregate data for comparison purposes.

Minority Application Flow								
RACE	2011		2011 Aggregate		2012		Total	
	#	%	#	%	#	%	#	\$
American Indian/ Alaska Native	1	0.3	45	0.1	0	0.0	1	0.1
Asian	5	1.3	572	1.8	9	1.6	14	1.5
Black/ African American	6	1.6	519	1.6	4	0.7	10	1.1
Hawaiian/Pacific Islander	0	0.0	28	0.1	0	0.0	0	0.0
2 or More Minority Races	0	0.0	8	0.0	0	0.0	0	0.0
Joint Race (White/Minority)	4	1.0	269	0.8	2	0.4	6	0.6
Total Minority	16	4.2	1,441	4.4	15	2.7	31	3.3
White	306	81.2	24,720	75.6	450	80.4	756	80.7
Race Not Available	55	14.6	6,541	20.0	95	16.9	150	16.0
Total	377	100.0	32,702	100.0	560	100.0	937	100.0
ETHNICITY								
Hispanic or Latino	5	1.3	670	2.1	3	0.5	8	0.9
Not Hispanic or Latino	312	82.8	25,386	77.6	460	82.1	772	82.4
Joint (Hisp/Lat / Not Hisp/Lat)	4	1.1	203	0.6	2	0.4	6	0.6
Ethnicity Not Available	56	14.8	6,443	19.7	95	17.0	151	16.1
Total	377	100.0	32,702	100.0	560	100.0	937	100.0

Source: 2011 and 2012 HMDA LAR & 2011 HMDA Aggregate Data

As indicated in the table above, the Bank's performance in minority application flow was slightly below the 2011 aggregate for minority and slightly below for ethnicity. The Bank received 4.2 percent of its applications from minorities while the aggregate received 4.4 percent of applications from minorities. The Bank received 2.4 percent of applications from Hispanic or Latino borrowers and joint applications in which at least one borrower was Hispanic or Latino. The aggregate received 2.7 percent from the same group of applicants.

According to the 2000 U.S. Census, the Bank's assessment area contained a total population of 655,433 individuals of which 12.4 percent are minorities. The assessment area minority and ethnic population is 2.3 percent Black/African American; 1.2 percent Asian; 0.2 percent American Indian; 4.1 percent "other" and 4.6 percent Hispanic or Latino.

BCSB received 377 HMDA reportable loan applications from within its assessment area in 2011. Of these applications, 16 or 4.2 percent were received from minority applicants, of which 12 or 75 percent resulted in originations. The Bank also received 9 HMDA reportable applications, or 1.3 percent, from Hispanic or Latino borrowers and joint applications in which at least one borrower was Hispanic or Latino (4 applications). Eight of the applications, or 88.9 percent, of this group were originated.

The Bank's minority application flow is considered adequate.

APPENDIX B

Loss of Affordable Housing – Massachusetts Division of Banks

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

The Bank's development of credit products with flexible lending criteria, participation in flexible lending programs, community development lending, and lending to low- and moderate-income borrowers, and the restructuring and modification of residential real estate loans has assisted low- and moderate-income individuals to remain in their neighborhoods.

APPENDIX C

SCOPE OF EXAMINATION

Bristol County Savings Bank
SCOPE OF EXAMINATION: Large Bank CRA Evaluation Procedures
TIME PERIOD REVIEWED: HMDA and CRA small business loans originated in 2011 and 2012 were reviewed. In addition, the review encompassed community development loans, innovative and flexible loans, qualified investments and community development services from October 20, 2009 through April 1, 2013.
PRODUCTS REVIEWED: HMDA and CRA small business loans.

LIST OF AFFILIATES AND PRODUCTS REVIEWED		
AFFILIATE(S):	AFFILIATE RELATIONSHIP:	PRODUCTS REVIEWED:
Beacon Bancorp	Holding Company	None
Brisbank Corporation	Bank subsidiary (wholly-owned)	None
BCSB Securities Company	Bank subsidiary (wholly owned)	None
Beacon Securities Corporation	Bank subsidiary (wholly owned)	None
Farrell Backlund Insurance Agency, LLC	Bank subsidiary (majority interest)	None

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA:	TYPE OF EXAMINATION:	BRANCHES VISITED:	OTHER INFORMATION:
Overall Assessment Area	Full-Scope	Main Office	
Providence-New Bedford-Fall River, MSA	Full-Scope	Main Office	
Massachusetts	Full-Scope	None	

APPENDIX D

SUMMARY OF STATE AND MULTISTATE METROPOLITAN AREA RATINGS				
STATE OR MULTISTATE METROPOLITAN AREA NAME:	LENDING TEST RATING:	INVESTMENT TEST RATING:	SERVICE TEST RATING:	OVERALL STATE RATING:
Providence-New Bedford-Fall River Multistate MSA	High Satisfactory	High Satisfactory	Outstanding	Satisfactory
Massachusetts	Low Satisfactory	High Satisfactory	High Satisfactory	Satisfactory

APPENDIX E - GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by non-farm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by non-farm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.